

House Study Bill 218 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to the administration of the streamlined sales
2 and use tax agreement by the department of revenue.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 57, paragraph f,
2 subparagraph (3), Code 2015, is amended by adding the following
3 new subparagraph division:

4 NEW SUBPARAGRAPH DIVISION. (e) Food sold that ordinarily
5 requires additional cooking by the consumer prior to
6 consumption.

7 Sec. 2. Section 423.52, Code 2015, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 3. a. Sellers and certified service
10 providers are relieved from liability to this state or its
11 local taxing jurisdictions for having charged and collected
12 the incorrect amount of sales or use tax resulting from the
13 seller or certified service provider relying on erroneous data
14 provided in the state's taxability matrix.

15 b. Sellers and certified service providers that rely
16 upon a prior version of the state's taxability matrix shall
17 be relieved of liability to the state and its local taxing
18 jurisdictions until the first day of the calendar month that
19 is at least 30 days after notice of a change to the taxability
20 matrix is submitted by the state to the governing board.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with
23 the explanation's substance by the members of the general assembly.

24 This bill relates to the administration of the sales and
25 use taxes under the streamlined sales and use tax agreement
26 (agreement).

27 Iowa is a member of the agreement, which is an effort to
28 administer state sales and use taxes in all participating
29 states according to the same simplified system. Under
30 the agreement, Iowa must periodically make changes in the
31 administration of the sales and use taxes in order to remain
32 in compliance.

33 Under current law, prepared food is subject to the sales and
34 use tax. The bill amends the definition of "prepared food" to
35 exclude food that ordinarily requires additional cooking by the

1 consumer prior to consumption.

2 The bill also provides liability relief to sellers and
3 certified service providers that rely on erroneous or outdated
4 information in the state's taxability matrix. A taxability
5 matrix is a comprehensive list of items subject to and exempt
6 from the sales and use tax that is required to be maintained by
7 each member state of the agreement. The bill provides that if
8 Iowa amends an existing provision of its taxability matrix, a
9 seller or certified service provider is relieved from liability
10 to the state and its local taxing jurisdictions for having
11 charged and collected the incorrect amount of sales or use tax
12 according to the prior version of the taxability matrix. The
13 liability relief extends until the first day of the calendar
14 month that is at least 30 days after the state submits to the
15 governing board of the agreement the notice of change to the
16 taxability matrix.

17 The bill also provides that sellers and certified service
18 providers are relieved from liability to the state or its local
19 taxing jurisdictions for having charged and collected the
20 incorrect amount of sales or use tax after relying on erroneous
21 data provided in the state's taxability matrix.